



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

August 21, 2002

Ms. Linda Angello  
Commissioner  
Department of Labor  
Building 12, State Office Campus  
Albany, NY 12240

Re: Report 2002-F-25

Dear Ms. Angello:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Labor (Department) as of July 9, 2002, to implement the recommendation contained in our audit report, *Disability Determinations* (Report 2000-S-23). Our report, which was issued on June 25, 2001, reviewed selected activities related to the Department's disability-determination process for mentally- and physically-disabled individuals who are receiving family assistance and Safety Net benefits.

**Background**

The Federal government fundamentally altered the nature of welfare in August 1996 when it enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Popularly-known as welfare reform, this act ended the individual entitlement to welfare benefits established by the Social Security Act of 1935, discontinued the open-ended Aid to Families with Dependent Children entitlement program, and replaced it with block grants to states that provide time-limited assistance to needy families. Effective July 1, 1997, the new program limits each recipient to a lifetime total of 60 months of Temporary Assistance for Needy Families (TANF) benefits. Upon completing 60 months of TANF benefits, eligible recipients are assisted by the Safety Net Program. Safety Net is a State- and locally-funded program that provides benefits for eligible individuals, couples, and families who are not eligible for TANF. Generally, Safety Net can be provided for a maximum of two years in a lifetime.

Implementation of welfare reform has changed the way public assistance benefits are provided, and has also placed expectations upon the recipients. These changes include work requirements, time limits on benefits, child support enforcement, restrictions on minor teens' ability to receive benefits as the head of a household, and determinations of the extent of disability coverage for mental and physical handicaps.

Under welfare reform, recipients must meet employment requirements to remain eligible for public assistance payments; and all individuals are expected to be engaged in work or work-related activities within 24 months of receiving assistance. To help effect these changes, the Department and local social services districts (districts) developed employment plans, which set forth general strategies for implementing the new regulations.

Welfare reform specifically addresses the circumstances of individuals for whom mental and physical disabilities present barriers to employment. A disabled individual must now undergo a medical evaluation and provide the district with a determination that states a specific diagnosis and prognosis, specifies any work limitations, and estimates the applicant's ability to be rehabilitated. As of April 2002, the total TANF and Safety Net population in New York State consisted of 628,008 individuals – 363,891 who receive TANF grants (58 percent) and 264,117 who receive Safety Net benefits (42 percent). About 22,000 of the Statewide TANF population are classified as disabled, while more than 53,000 of the Statewide Safety Net population have a disability.

The Department is responsible for monitoring and overseeing activities of the disability-determination process at the district level. These activities include disseminating policies and procedures, approving district employment plans, and monitoring compliance levels. The Department's Welfare-to-Work Division (Division) oversees the districts to ensure that public assistance recipients comply with the requirements of welfare reform and that disability determinations are being applied fairly and consistently. There are eight Welfare-to-Work Technical Advisors located in Department offices across the State.

### **Summary Conclusions**

In our prior audit, we concluded that the Department's reviews of districts provided reasonable assurance that they were following all applicable laws, rules, and regulations associated with the process of disability determination. At the time of our prior audit, the Department was in the process of conducting district reviews, and had completed its examination of 46 of the 57 upstate districts it planned to visit. (The New York City Comptroller's Office had recently audited the New York City district.)

In our follow-up review, we found that Department officials have implemented the recommendation contained in our prior audit report. The Department has completed district reviews at the remaining 11 districts.

### **Summary of Status of Prior Audit Recommendation**

The Department has implemented the recommendation contained in our prior audit report.

**Follow-up Observations**

**Recommendation**

*Continue periodic reviews of remaining districts' compliance with accepted disability determination procedures.*

Status - Implemented

Agency Action - The Department has completed disability determination compliance reviews of the remaining 11 districts.

Major contributors to this report were Richard Sturm, Michael Cantwell and Joseph Chesna.

We wish to thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

William P. Challice  
Audit Director

cc: Deirdre Taylor